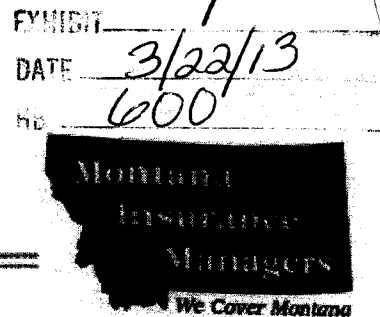


ERICKSON INSURANCE GROUP



March 22, 2013

Honorable Members of House Business & Labor Committee
Montana House of Representatives
PO Box 200500
Helena, MT 59620-0500

Re: HB 600, Unisex Rating in Insurance

Dear Chairman Berry, Vice Chairs Boland & Salomon & Distinguished Members of the Committee:

I am writing today to urge you to support HB 600 sponsored by Rep. Wendy Warburton. This bill is about consumer rights, it's about putting money back in the pockets of hardworking Montanans all over this State and it's about making insurance rating more accurate and not purposefully skewed in favor of a social policy agenda. Mandatory unisex rating is unnecessary, expensive and should be repealed.

This Legislature has heard testimony session after session on this particular issue from opponents and proponents of unisex rating mandates and yet no repeal has been successful to date. Why you might ask? Emotion. This is an emotional issue for many Montanans and I can sympathize with that view, but you as Legislators have the unique responsibility to determine what is best for all Montanans regardless of the emotional impact of your actions. If you remove the emotional rationale for unisex rating as a barrier to gender discrimination and weigh the cost benefit analysis, the logical conclusion is that these provisions cost consumers more money.

As a licensed insurance agent in the State of Montana, I see firsthand each day ways in which Montanans could benefit from the elimination of unisex rating in insurance policies. Whether it is savings in auto insurance rates or savings in life insurance contracts, the direct costs related to mandatory unisex rating are real and significant. Furthermore there are substantial indirect costs to policyholders as well.

Opponents will argue that using gender in determining insurance rates is discrimination because these are facts that are determined by nature and not by behavior. Behavior they argue can be modified, e.g. smoking, weight, driving ability, etc. However, this is a rather simplified view of the issue. There are real and significant statistical differences between men and women that can be measured and analyzed by actuaries for assessing risk. For instance women live longer than men. In fact the U.S. Census Bureau has shown that the life expectancy of women in the U.S. is five years longer than men and in Montana there is even a larger disparity. This is an important factor in determining the cost of life insurance for women in Montana.

Studies by the Insurance Institute for Highway Safety have shown for many years that adult men are better drivers than women of the same age. However, under the age of 25, young men are twice as likely

to get into an auto accident than young ladies. Again this affects the price you pay as an insurance consumer in Montana. Should these factors not be considered in determining your true rate?

Finally, a certain percentage of each premium dollar paid in Montana, no matter what the customers gender, goes to pay for mandatory unisex insurance rating. These indirect costs occur when insurance companies have to maintain two separate rating systems, one for Montana and one for the other 49 States in the U.S. These costs are not simply written off, they are incorporated into the administrative expenses of the policy and are passed along to you the ratepayer.

Discrimination is real and protections against discrimination is one of the most sacred establishments of our historic Montana Constitution. But are we to believe that the folks who wrote that document honestly pictured insurance companies when writing that clause? Were the delegates to Montana's Constitutional Convention in 1972, which included a number of historic female figures, really hell-bent on overcharging Montana women for life insurance premiums because it was unfair to Montana men? I think not.

HB 600 will help bring Montana's insurance premiums more in line with our neighbors by putting more money back in the hands of Montana policyholders and help to make insurance rates more accurate. I would urge a do pass on this bill and give Montana consumers back the power of choice.

Thank you all for your selfless service to the State of Montana and your consideration of my concerns.

If you have any questions, you may contact me by phone at (406) 265-1490 or by e-mail at andrew@ericksoninsurancegroup.com.

Best regards,



Andrew R. Brekke, Manager
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Havre, MT